3/18/86 47860-1

March 1986
Vol. 41 No. 498

BUSINESS IN NEBRASKA

Prepared by the Bureau of Business Research, 200 College of Business Administration, University of Nebraska, Lincoln, NE 68588-0406, 402/472-2334

THE IMPACT OF SPENDING SHIFTS ON TAXABLE SALES

This article examines the impact of inflation and changing consumer expenditure patterns on consumer expenditures that are subject to Nebraska's sales and use taxes (hereafter referred to as sales taxes).

CONSUMER EXPENDITURE SURVEY DESCRIPTION

The U.S. Bureau of Labor Statistics periodically examines how households allocate their expenditures among alternative components. The data are used to determine how much weight should be given to each expenditure component in the Consumer Price Index. The weight that a particular item's price change receives in the calculation of the overall inflation rate is related directly to household expenditures for that particular item. In the past, the Bureau of Labor Statistics conducted a consumer expenditure survey about every ten years. The last of these periodic surveys was conducted in 1972 and 1973 and is the basis of the weights in the current Consumer Price Index. Data collection for a new consumer expenditure survey began in 1980. The new survey is ongoing, with rotating panels of respondents participating over time. The continuous flow of data substantially enhances the usefulness of this survey by providing more timely and detailed information on consumption patterns of households.

The survey consists of two components: 1. a diary or record keeping survey completed by households participating for two consecutive one-week periods, and 2. an interview survey in which the expenditures of consumer units are obtained in five interviews conducted every three months.

Independent samples are used for the interview and diary surveys. During the year, 5,000 consumer units are sampled for the diary survey, while the interview sample is selected on a rotating panel basis targeted at 5,000 consumer units per quarter. The data are collected on an ongoing basis in 85 areas of the country.

The interview survey contains questions concerning expenditures which respondents can be expected to recall for a period of three months or longer. These include relatively large expenditures such as automobiles and major appliances. The interview survey also includes questions about expenditures that occur on a regular basis such as rent, utilities, or insurance premiums. An estimate of total spending for food is included, while expenditures for nonprescription drugs, household supplies, and personal care items are excluded. About 95 percent of total household expenditures are covered in the interview survey.

The diary survey is designed to obtain expenditures on small, frequently purchased items which are normally difficult for respondents to recall. Detailed records are kept for food at home, food at eating places, tobacco, and those items identified above that are excluded from the interview survey.

Consumer expenditure survey results for 1972/73 and for 1982/83 are examined to determine the impact of changing consumer expenditure patterns on the share of consumer expenditures that are subject to Nebraska sales tax. The interview survey results are supplemented with diary expenditure estimates for omitted items to form the database.

SALES TAX REVENUE CHANGE

The change in sales tax revenues between any two periods is due to changes in the sales tax rate, changes in the prices of items, and changes in the quantities of items purchased:

$$S_t - S_o = \sum_{i=1}^{n} s_{it} E_{it} - \sum_{i=1}^{n} s_{io} E_{io}$$

$$= \sum_{i=1}^{n} (P_{io} s_{io} \Delta Q_i + \Delta P_i Q_{io} s_{io} + \Delta P_i \Delta Q_i s_{io} + \Delta s_i P_{io} Q_{io}$$

$$+ P_{io} \Delta Q_i \Delta S_i + \Delta P_i Q_{io} \Delta s_i + \Delta P_i \Delta Q_i \Delta s_i)$$

where:

S_t is the sales tax revenue in period t,
s_{it} is the sales tax rate on the i^{th} item in period t,
E_{it} is the expenditure on the i^{th} item in period t,
$E_{it} = P_{it} Q_{it}$,
P_{it} is the price of the i^{th} item in period t,
Q_{it} is the quantity of the i^{th} item purchased in period t.

The subscripts o and t refer to different points in time with o designating the base period, and the delta (Δ) indicating the change in the corresponding variable between the periods o and t.

The equation indicates that change in sales tax revenues between two periods depends on change in the price of each item purchased, change in the quantity of each item purchased, and change in the sales tax applied to each item. This article examines how changes in prices and changes in expenditure patterns affect taxable sales. The impacts of changes in the tax rate and tax structure are not examined.

(continued on page 2)

TABLE 1
Expenditures and Taxable Expenditures 1972/73 and 1982/83
(Taxable Expenditures Based on Current Sales and Use Taxes)

	(1) 1972/73 Average U.S. Expenditures	(2) 1982/83 Average U.S. Expenditures	(3) 1972/73 Taxable Expenditures	(4) 1982/83 Taxable Expenditures	(5) Percent of 1982/83 Expenditures that are Taxable[1]	(6) Percent Increase in Expenditures 1972/73 to 1982/83[2]	(7) Percent of Total Taxable Expenditures 1972/73[3]	(8) Percent of Total Taxable Expenditures 1982/83[4]
Food at home	1,303.0	2,165.6	0.0	0.0	0.0	166.2	0.0	0.0
Food away from home	354.0	917.2	329.1	852.6	93.0	259.1	10.1	12.9
Alcoholic beverages	89.0	286.5	89.0	286.5	100.0	321.9	2.7	4.3
Housing	2,771.2	6,020.0	1,255.2	2,726.7	45.3	217.2	38.6	41.1
Apparel	719.0	1,029.1	653.7	935.6	90.9	143.1	20.1	14.1
Vehicle purchases	705.0	1,383.2	705.0	1,383.2	100.0	196.2	0.0	0.0
Gasoline	401.0	1,060.4	0.0	0.0	0.0	264.4	0.0	0.0
Other vehicle expense	540.0	1,036.6	160.6	308.3	29.7	192.0	4.9	4.7
Public transportation	106.0	222.7	0.0	0.0	0.0	210.1	0.0	0.0
Health care	491.9	916.8	69.5	129.6	14.1	186.4	2.1	2.0
Entertainment	366.0	880.8	367.7	839.1	95.3	228.2	11.3	12.7
Personal care	255.8	403.8	150.9	238.2	59.0	157.8	4.6	3.6
Reading	50.0	127.2	14.3	36.4	28.6	254.4	0.4	0.5
Education	119.0	257.3	17.0	36.8	14.3	216.2	0.5	0.6
Tobacco and smoking supplies	130.0	207.8	130.0	207.8	100.0	159.8	4.0	3.1
Miscellaneous	103.0	280.0	10.9	29.7	10.6	271.8	0.3	0.4
Contributions	376.0	602.5	0.0	0.0	0.0	160.2	0.0	0.0
Life, endowment, annuities	370.0	249.4	0.0	0.0	0.0	67.4	0.0	0.0
Retirement and pensions	474.0	1,545.1	0.0	0.0	0.0	326.0	0.0	0.0
TOTAL	9,743.9	19,592.0	3,248.0*	6,627.3*	33.8*	201.1	100.0	100.0

[1](Column (4)/Column (2)) * 100
[2](Column (2)/Column(1)) * 100
[3](Column (3)/total taxable expenditures) * 100
[4](Column (4)/total taxable expenditures) * 100
*Vehicle purchases are not included in the total since the tax revenues do not go to the general fund

(continued from page 1)

The equation above can be applied to a particular household to determine the change in the sales tax paid by that household, or the equation can be applied to expenditures of all households. The survey data used are U.S. average household expenditures. An assumption of this article is that expenditure patterns of Nebraska households are similar to U.S. expenditure patterns.

EXPENDITURE COMPARISONS 1972/73 AND 1982/83

Columns (1) and (2) of Table 1 show U.S. average annual household expenditures for the years 1972/73 and 1982/83 respectively. Although the survey collected expenditures for each of hundreds of detailed item categories, the results have been aggregated into nineteen components in Table 1.

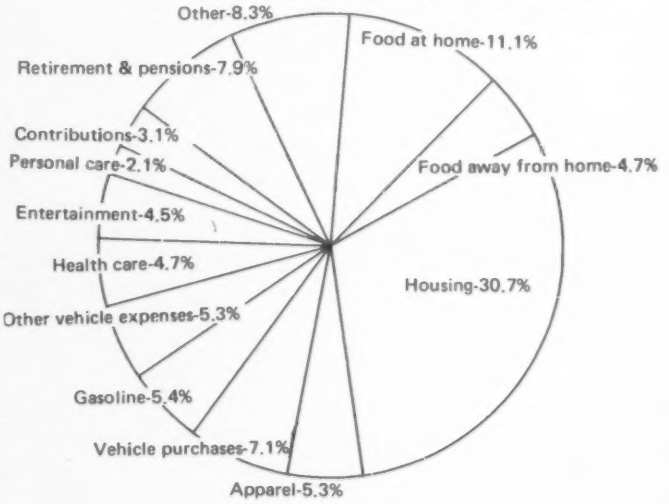
Figure 1 shows each component's share of 1982/83 total household expenditures. Housing made up 30.7 percent of total 1982/83 expenditures. The three categories of motor vehicle expenses combined made up 17.8 percent (= 5.3 + 5.4 + 7.1), while food at home accounted for 11.1 percent. Each of the other categories was less than 10 percent of the total. These expenditure component shares will be compared with each component's contribution to taxable expenditures.

Columns (3) and (4) show the expenditures in 1972/73 and 1982/83 that would have been taxable under the current (1986) Nebraska sales tax structure. The sales tax structure is held constant to see the impact of shifts in expenditure patterns on the portion of expenditures that are taxable.

The 1982/83 expenditures for taxable items in each of the components in Table 1 were identified and summed. Column (5) shows the percent of 1982/83 expenditures for each component that was subject to the sales tax. Resources did not permit a similar detailed examination of 1972/73 data. Instead, percentages in column (5) were multiplied by the 1972/73 expenditures in column (1) to arrive at the estimates of 1972/73 taxable expenditures shown in column (3). Hence, comparisons between columns (3) and (4) capture the effects of expenditure shifts among the nineteen categories, but do not measure the effects of shifts between taxable and nontaxable items within categories. It should be noted that expenditure shifts within categories that are either all taxable or all not subject to tax (0 or

(continued on page 3)

FIGURE 1
Distribution of U.S. Household Expenditures 1982-85



(continued from page 2)

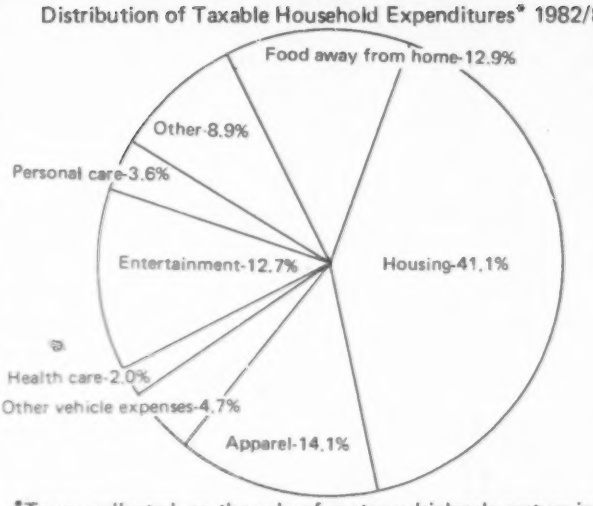
or 100 respectively in column (5)) are of no concern, since there can be no change in taxable expenditures.

Table 1 provides an instructive portrait of the household sources of general fund sales tax revenues. Column (8) shows the share of 1982/83 total taxable retail sales that are attributable to households, assuming that the 1982/83 U.S. average household expenditure patterns reflect Nebraska expenditure patterns. These shares are derived from column (4). We see from column (8) that taxable housing expenditures were responsible for 41.1 percent of total sales tax revenues. Taxable items within the housing component include utilities, furnishings, maintenance items, and others. Although not shown separately, utilities account for more than half of the housing component's contribution to taxable sales. An obvious conclusion is that because of the importance of utility expenditures, variation in weather over time can introduce fluctuations in sales tax revenues.

Column (8) is shown in Figure 2. We can see that food away from home, apparel, and entertainment are other major contributors to sales tax revenues. A comparison of Figures 1 and 2 indicates that while housing makes up 30.7 percent of total expenditures, it contributes 41.1 percent of total taxable household expenditures. More striking are the comparisons for food away from home, apparel, and entertainment. Each of these components' share of total taxable expenditures is well over two times its share of total expenditures. These components assume an important role because most of the items within these components are taxable, while other components have a smaller share of taxable items or are not taxed at all.

Column 7 of Table 1 provides estimates of the share of taxable expenditures given the 1972/73 expenditure patterns and the 1986 sales tax structure. This column is displayed in Figure 3. A comparison of Figures 2 and 3 indicates how changes in expenditure patterns have affected the sources of sales tax revenues. The

FIGURE 2
Distribution of Taxable Household Expenditures* 1982/83



*Taxes collected on the sale of motor vehicles do not go into the general fund and are not included in this diagram

contribution of apparel expenditures is significant. Taxable apparel expenditures as a share of total taxable expenditures declined from 20.1 percent to 14.1 percent between 1972/73 and 1982/83. This is because expenditures for apparel rose much slower than total household expenditures over the period. Column (6) shows that apparel expenditures increased by 143 percent, while total expenditures expanded 201 percent.

A comparison of Figures 2 and 3 also indicates that, aside from changes in expenditures for apparel, expenditure shifts have been toward those components that currently make up the largest shares of taxable expenditures. Under 1986 sales tax law, 38.6 percent of the total taxable expenditures would have been attrib-

(continued on page 6)

TABLE 2
Price Changes 1982/83 to 1985

	Official North Central CPI			Annual Average
	Average 1982-1983	Average 1985	Percent Change 1985-82/83	Taxable Household Expenditures 1982/83
All items	159.5	173.7	8.90	
Food	144.9	153.4	5.90	
Food away from home	149.7	163.1	8.99	852.56
Alcoholic beverages	139.8	147.8	5.76	286.52
Housing	171.7	187.2	9.06	
Maintenance and repair commodities	137.0	141.7	3.47	67.62
Fuel and other utilities	175.8	194.9	10.86	1,458.77
Household furnishings and operations	135.8	144.2	6.19	
House furnishings	128.2	132.2	3.16	761.26
Housekeeping supplies	148.5	163.9	10.41	282.88
Apparel and upkeep	121.7	127.9	5.14	
Apparel commodities	117.6	122.6	4.25	935.64
Transportation	164.5	176.9	7.57	
New vehicles	133.4	145.3	8.92	764.06
Used cars	183.4	222.4	21.26	503.62
Motor fuel	198.9	193.6	-2.64	
Maintenance and repair	151.0	162.2	7.45	284.56
Health care	162.3	188.5	16.14	
Medical care commodities	153.3	183.5	19.70	129.59
Entertainment	139.7	150.0	7.41	839.11
Tobacco products	159.1	191.4	20.30	207.84
Personal care	140.5	152.7	8.68	
Toilet goods and personal care appliances	253.4	278.5	9.93	238.19
Personal and educational expenses	168.1	205.6	22.34	
School books and supplies*	283.9	350.8	23.56	36.82

*These are national averages; not available on a regional basis.

Review and Outlook

Encouraging developments in the ag sector of the Nebraska economy were primarily responsible for the November 1985 expansion of real output. The physical volume index of the Bureau of Business Research indicates an October-to-November increase of 0.9 percent in total economic activity, a turnaround from the revised October 1.8 percent decline in real output. Economic activity in the agriculture sector advanced 4.8 percent. Modest gains in output for the distributive and manufacturing components added 0.2 percent to nonag economic activity.

Nebraska cash farm marketings, according to the U.S. Department of Agriculture, totaled $947.0 million in November 1985 ($748.6 million when seasonally adjusted); this represents the highest level of reported cash receipts in over two years. Seasonally adjusted Nebraska cash farm marketings increased 29.0 percent in November, measuring 21.3 percent above November 1984 receipts. In comparison, adjusted cash farm marketings nationwide rose 4.5 percent in November and expanded 4.4 percent from the level of November 1984 cash receipts. The index of prices received by Nebraska farmers moved up 5.3 percent in November, but remains 5.1 percent below the index level of November 1984. At the national level, the farm price index grew 3.5 percent during November.

Compared on a year-to-year basis, dollar volume net taxable retail sales fell 0.9 percent during November 1985 to $735.7

(continued on page 5)

Notes for Tables 1 and 2: (1) The "distributive" indicator represents a composite of wholesale and retail trade; transportation, communication and utilities; finance, insurance, and real estate; and selected services. (2) The "physical volume" indicator and its components represent the dollar volume indicator and its components adjusted for price changes using appropriate price indexes—see Table 5, page 5.

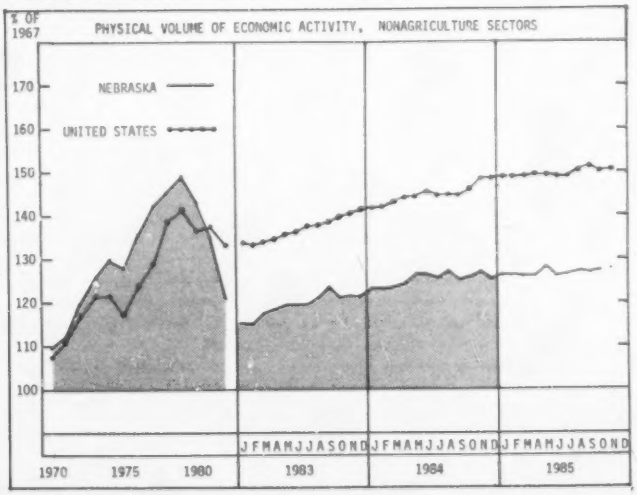
ECONOMIC INDICATORS: NEBRASKA AND UNITED STATES

1. CHANGE FROM PREVIOUS YEAR

November 1985	Current Month as Percent of Same Month Previous Year		1985 to date as percent of 1984 to date	
Indicator	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume	109.0	104.8	105.6	106.7
Agricultural	135.0	104.6	109.6	99.9
Nonagricultural	105.7	104.8	105.0	106.8
Construction	90.5	111.2	94.1	109.6
Manufacturing	97.2	96.9	99.6	99.9
Distributive	105.6	106.6	105.5	109.3
Government	124.5	107.4	113.9	106.1
Physical Volume	105.7	101.9	104.4	103.8
Agricultural	142.3	112.1	123.0	111.4
Nonagricultural	100.4	101.6	101.4	103.6
Construction	88.4	108.8	91.4	106.5
Manufacturing	97.2	97.3	100.0	99.6
Distributive	101.9	102.9	101.9	105.6
Government	102.4	102.4	104.3	101.9

2. November 1985 CHANGE FROM 1967

	Percent of 1967 Average	
Indicator	Nebraska	U.S.
Dollar Volume	390.0	459.1
Agricultural	408.4	375.3
Nonagricultural	387.0	461.8
Construction	259.3	463.6
Manufacturing	365.1	317.6
Distributive	398.2	541.1
Government	440.2	465.9
Physical Volume	133.2	150.7
Agricultural	170.2	157.7
Nonagricultural	127.6	150.4
Construction	72.2	129.1
Manufacturing	146.2	125.3
Distributive	121.9	165.7
Government	154.9	153.6

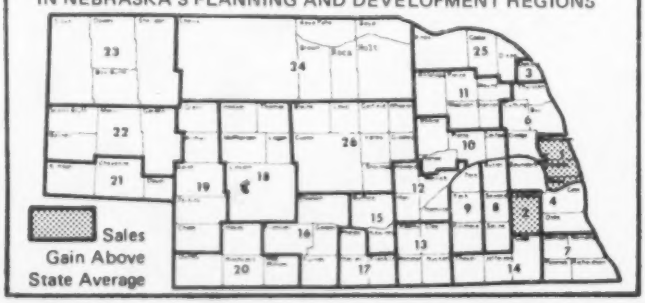


3. NET TAXABLE RETAIL SALES OF NEBRASKA REGIONS AND CITIES

November 1985 Region Number[1] and City	City Sales[2]	Sales in Region[2]	
	Nov. 1985 as percent of Nov. 1984	Nov. 1985 as percent of Nov. 1984	1985 to date as percent of 1984 to date
The State	101.2	99.1	99.6
1 Omaha	102.2	101.0	105.0
Bellevue	103.3		
Blair	108.2		
2 Lincoln	106.4	103.2	103.7
3 So. Sioux City	99.2	93.6	99.6
4 Nebraska City	99.8	99.2	96.5
6 Fremont	103.3	94.9	95.1
West Point	97.9		
7 Falls City	97.3	94.1	95.1
8 Seward	103.6	98.8	94.0
9 York	99.4	93.1	93.7
10 Columbus	98.8	97.8	91.5
11 Norfolk	96.4	93.0	93.8
Wayne	97.9		
12 Grand Island	96.3	94.3	94.4
13 Hastings	89.4	89.2	91.2
14 Beatrice	105.4	102.7	96.7
Fairbury	109.7		
15 Kearney	100.0	97.9	93.8
16 Lexington	94.0	86.5	90.1
17 Holdrege	87.2	87.5	88.2
18 North Platte	100.7	97.6	92.8
19 Ogallala	97.9	85.5	91.5
20 McCook	95.8	93.1	94.4
21 Sidney	102.2	99.7	98.3
Kimball	99.5		
22 Scottsbluff/Gering	106.6	101.9	99.3
23 Alliance	101.4	101.4	98.1
Chadron	127.1		
24 O'Neill	87.7	89.3	91.5
25 Hartington	97.9	98.2	92.2
26 Broken Bow	100.0	92.2	92.0

[1] See region map below.
[2] Sales on which sales taxes are collected by retailers located in the state. Region totals include motor vehicle sales; city totals exclude motor vehicle sales.
Compiled from data provided by Nebraska Department of Revenue.

1985 YEAR TO DATE AS PERCENT OF 1984 YEAR TO DATE IN NEBRASKA'S PLANNING AND DEVELOPMENT REGIONS



(continued from page 4)

million. Although nonvehicle sales were up 1.2 percent, motor vehicle sales registered a sharp decline of 17.8 percent. When inflation is taken into account, total net taxable retail sales dropped 2.8 percent during November. Although retail sales were soft statewide in November, several cities reported increases in nonvehicle sales well above the state jump of 1.2 percent. Nationally, retail sales continued to exhibit strength with a year-to-year gain of 5.1 percent (+2.8 percent when adjusted for inflation).

The latest available data (December 1985) for employment, building activity, and power consumption are displayed in Table 4. November data, however, are used to compute the city business index. Statewide, total employment increased 2.5 percent from the employment level of December 1984. Of the 26 listed cities, Columbus was the only community registering a year-to-year decline in employment. Employment gains ranged from 0.3 percent at Alliance to 5.3 percent at Chadron.

For the second month in a row, statewide business activity remained unchanged. Twelve of the cities listed by the Bureau of Business Research registered positive changes in business activity during November 1985. Significant gains in building activity and retail sales vaulted Chadron to the top of the list with a strong 21.9 percent expansion in business activity. November growth in building elevated Scottsbluff/Gering (+8.0 percent). Blair (+6.9 percent), and Seward (+6.1 percent) toward the top of the list of Nebraska cities with positive changes in business activity. Lincoln and Omaha remain on the plus end of the business activity scale with respective increases of 4.2 percent and 0.7 percent. Other Nebraska cities with business activity advances were Beatrice, Bellevue, Fairbury, Falls City, Fremont, and Sidney.

The Nebraska composite index of leading economic indicators increased 1.5 percent in December 1985, the third consecutive advance and the largest. This reinforces previous expectations (BIN February 1986) of an upswing in state economic activity beginning around midyear 1986. With the farm economy in a state of distress, economic expansion is not likely to be strong. Expansion, however, should offer relief from current economic doldrums. On a seasonally adjusted basis, an unexpected increase in December construction activity (114.1 percent) and a decline in initial claims for unemployment insurance (-21.7 percent) contributed strongly to the rise in the leading index. Advanced data indicate that construction activity increased again in January. The stock price component and the index of prices received for all farm products remained virtually unchanged. Average weekly earnings in manufacturing dropped slightly.

CHARLES L. BARE

4. December 1985 — CITY BUSINESS INDICATORS

The State and Its Trading Centers	Percent of Same Month a Year Ago: Employment[1]	Building Activity[2]	Power Consumption[3]
The State	102.5	104.6	98.4
Alliance	100.3	93.8	134.2
Beatrice	102.2	153.3	125.5
Bellevue	102.6	162.8	117.2
Blair	102.6	143.7	120.8
Broken Bow	104.0	0.0	153.2
Chadron	105.3	568.9	123.8
Columbus	97.9	593.8	145.1
Fairbury	104.1	105.2	179.3
Falls City	104.4	299.7	116.0
Fremont	104.6	111.4	116.7
Grand Island	102.6	49.8	63.6
Hastings	102.5	21.4	112.4
Holdrege	104.4	53.2	105.5
Kearney	102.2	109.0	114.1
Lexington	102.7	50.0	120.2
Lincoln	101.6	166.1	117.6
McCook	103.1	20.2	117.0
Nebraska City	102.9	65.9	124.9
Norfolk	102.5	71.6	123.8
North Platte	102.2	55.5	118.7
Omaha	102.6	95.4	122.9
Scottsbluff/Gering	103.4	212.2	112.9
Seward	103.2	439.7	128.2
Sidney	102.6	174.3	125.0
So. Sioux City	100.9	93.0	115.3
York	102.2	31.5	124.5

[1] As a proxy for city employment, total employment for the county in which a city is located is used.

[2] Building Activity is the value of building permits issued as spread over an appropriate time period of construction. The U.S. Department of Commerce Composite Construction Cost Index is used to adjust construction activity for price changes.

[3] Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked * for which only one is used.

Source: Compilation by Bureau of Business Research from reports of private and public agencies.

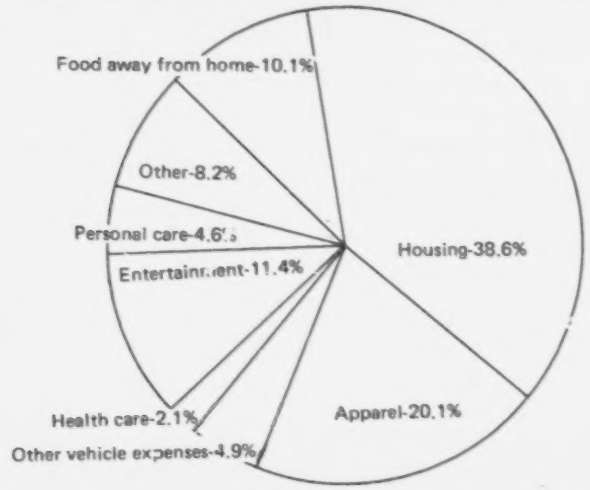
5. PRICE INDEXES

November 1985	Index (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices	326.6	103.6	103.6
Commodity component	289.2	102.2	102.1
Wholesale Prices	309.7	99.8	99.5
Agricultural Prices			
United States	238.0	93.3	89.8
Nebraska	240.0	94.9	89.7

*Using arithmetic average of monthly indexes.
Sources: Consumer and Wholesale Prices: U.S. Bureau of Labor Statistics; Agricultural Prices: U.S. Department of Agriculture.

FIGURE 3

Distribution of Taxable Household Expenditures* 1972/73



*Taxes collected on the sale of motor vehicles do not go into the general fund and are not included in this diagram

(continued from page 3)

uted to housing in 1972/73, compared to 41.1 percent in 1982/83. Similarly, food away from home's contribution would have increased from 10.1 percent to 12.9 percent and entertainment from 11.3 percent to 12.7 percent.

Another interesting finding from Table 1 is that the shift in expenditures among the components actually resulted in a slight increase in the share of expenditures that were subject to the sales tax. Between 1972/73 and 1982/83, average total expenditures moved from $9,744 to $19,592, for a 201.1 percent gain. Taxable expenditures rose from $3,248 to $6,627, for a 204.0 percent increase over the same interval. Hence, given the 1986 tax structure, the shift in consumer expenditure patterns actually favored taxable items. A 202.6 percent increase occurred when automobile sales were included among the taxable expenditures. Both changes are of interest, since automobile sales taxes do not go into the general fund.

Given the 1982/83 expenditures and 1986 tax structure, 33 percent (41 percent including vehicle sales taxes) of household expenditures were subject to the state sales tax.

Table 1 provides an estimate of the impact of expenditure shifts on taxable retail sales between 1972/73 and 1982/83. The expenditure shifts are due to changes in relative prices as well as changes in quantities. Although data are not available to examine more recent expenditure shifts, we can estimate the impact of price changes on taxable expenditures.

In Table 2, the impact of price changes on taxable retail sales is examined. The table indicates how sales tax revenues would have changed between 1982/83 and 1985 if households purchased the same quantities in 1985 as they did in 1982/83.

The first three columns of Table 2 show the percent change in the Consumer Price Index for the North Central region. The fourth column shows the taxable household expenditures within each component. We can see the price change that has occurred for taxable items by applying the price change for each expenditure component to the corresponding expenditure. Between 1982/83 and 1985, the percent change in prices for taxable expenditures (excluding vehicle purchases) was 8.3 percent. If vehicle purchases are included, the cost of taxable items increased 9.2 percent over the period. The official Consumer Price Index for all items rose 8.9 percent during the same time interval. These results show that the impact of inflation on general fund sales tax revenues from household expenditures is less than the official all items Consumer Price Index. One implication is that forecasts of general fund sales tax revenues that incorporate projections of the all items Consumer Price index may overestimate revenues.

SUMMARY OF FINDINGS

Changes in consumer expenditure patterns between 1972/73 and 1982/83 resulted in a slight increase in the percent of household expenditures that were subject to sales tax under 1986 law. One-third of household expenditures are subject to general fund sales taxes. Expenditures for housing, food away from home, apparel, and entertainment are major components of total taxable expenditures, although apparel's contribution declined significantly between 1972/73 and 1982/83. Following 1982/83, the inflation rate for taxable expenditures was lower than the official North Central all items Consumer Price Index change. A basic premise of these findings is that Nebraska household expenditure patterns are similar to the U.S. average expenditure patterns.

DOUGLAS O. LOVE

BUSINESS IN NEBRASKA
PREPARED BY BUREAU OF BUSINESS RESEARCH
Member Association for University Business & Economic Research

Business in Nebraska is issued monthly as a public service and mailed free within the State upon request to 200 CBA, University of Nebraska–Lincoln, Lincoln, NE 68588-0406. Material herein may be reproduced with proper credit.
Address correction requested.

March 1986 Vol. 41 No. 498

UNIVERSITY OF NEBRASKA–LINCOLN
Martin A Massengale, *Chancellor*
COLLEGE OF BUSINESS ADMINISTRATION
Gary Schwendiman, *Dean*

BUREAU OF BUSINESS RESEARCH

Donald E. Pursell, *Director*
Charles L. Bare, *Research Associate*
Jerome A. Deichert, *Research Associate*
Douglas O. Love, *Research Associate*
Margo Young, *Editorial Assistant*

The University of Nebraska–Lincoln does not discriminate in its academic, admission, or employment programs and abides by all federal regulations pertaining to same

Non-Profit Org.
U.S. Postage
PAID
Lincoln, Nebraska
Permit No. 46

CONGRESSIONAL INFO SERVIC270238
SRI BR
4520 EAST-WEST HWY
BETHESDA, MD 20814